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S E C R E T SECTION 01 OF 02 LONDON 001116

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TAGS: [ECON](#) [EFIN](#) [KNNP](#) [IR](#) [UK](#)
SUBJECT: UK REACTION TO IRAN SANCTIONS DEMARCHES

REF: A. STATE 29344
[1](#)B. LONDON 989
[1](#)C. STATE 29098
[1](#)D. STATE 30247
[1](#)E. STATE 29431
[1](#)F. STATE 37414
[1](#)G. GAYLE/JOHNSON-DEPT E-MAILS

Classified By: SANDRA CLARK, A/ECON MINISTER COUNSELOR FOR REASONS 1.4
B&D

PLEASE SEE ACTION REQUESTS IN PARAGRAPHS 3, 5 & 7

[1](#)1. (S/NF) SUMMARY The UK is actively considering its options in its efforts to contain Iranian nuclear proliferation, and appreciates the information we provided on Banks Melli, Saderat and Mellat, according to Patrick Guthrie, Head of the Financial Sanctions Unit of HM Treasury, and his Deputy, Pete Maydon. They seek additional information on Saderat-Hamas activities. Guthrie also noted that the UK implemented UNSCR 1803 on/about March 4, and asked whether the U.S. had done the same. END SUMMARY

UNSCR 1803 REQUEST FOR IDENTIFIERS

[1](#)2. (S/NF) We provided Ref A request for background and identifiers information on the entities and organizations listed in Annexes I and II of UNSCR 1803 to Guthrie and Maydon, who immediately asked whether the U.S. had implemented the list yet. Guthrie noted the UK had implemented the list immediately following adoption of the resolution. He was also concerned that any identifiers and background information turned up in this process be immediately shared with the UN. Guthrie had just met with UK banks who described their difficulty in working with what they described as "limiting identifiers" - such as having one commonplace name - and the need to simplify the process in order to ensure continued private sector buy-in. HMT also asked how the U.S. was able to sign up to the UNSCR in New York if we did not have all the identifiers and background information necessary at that time for our domestic designation. Guthrie said the UK would submit any identifiers the UK turned up to the UN. Note: As reported in Ref B, we delivered this request previously to the Foreign and Commonwealth Office (FCO) which said they were treating our request as "a high priority."

[1](#)3. (S/NF) ACTION REQUEST: Post would greatly appreciate a summary of the U.S. process to gather identifiers and background information, both in general and specific to this resolution, that we can share with the UK. Explanation of how and when we implement UNSCRs, and what information is necessary for domestic designations, as well as anything on the reasons for our delay would be helpful. End Action Request

ADDITIONAL INFORMATION ON BANK MELLI, BANK MELLAT AND BANK

SADERAT: AND HAMAS

14. (S/NF) The UK is very interested in any information the U.S. can provide regarding Bank Saderat's transactions with or on behalf of Hamas. Guthrie said the UK is able and very willing to pursue Hamas connections. He explained that HMT tried to go after Saderat for Hamas connections previously, but the case was rejected by the Attorney General's office for having insufficient evidence (problems with proving Saderat either "knew, turned a blind eye, or reasonably should have known" it was dealing with Hamas.) HMT would like to re-open the case if new or fuller information is available - particularly regarding the statement in Ref C saying "In the past year, Bank Saderat has transferred several million dollars to Hamas." Cases against Hizbollah are more difficult for the UK to bring, as the EU and UK sanction only the political/military wing of Hizbollah and not the social/charitable group; so any evidence of wrongdoing would have to be proven to flow only in the political/military circles, according to Guthrie.

IRAN'S USE OF BANK MELLAT SEOUL FOR PROLIFERATION

15. (S/NF) HMT will follow up with the Financial Services Authority, the banking regulator, on any further action HMG can take against Bank Melli-Hong Kong if South Korea closes Bank Mellat (Ref D). Guthrie said the UK has taken a hard look at Melli and other Iranian banks and found nothing illegal happening in or through the UK branches; nor have they found regulatory violations. Guthrie speculated the Iranian banks are trying to keep as clean as possible in the UK, repeating previous statements by HMT and FSA officials. Guthrie said he thought it unlikely that activity would shift to Melli Hong Kong due to a closure of Bank Mellat in Seoul,

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but asked for any information on Korean assistance on this, noting it could help HMG efforts. ACTION REQUEST: Please provide any information on South Korean assistance in tackling Bank Mellat in Seoul and preventing a diversion of business to Bank Melli HK. End Action Request

TEMPORARY DENIAL ORDER REGARDING TRANSFER OF BOEING 747s TO MAHAN AIR

16. (S/NF) Guthrie claimed the Temporary Denial Order for the Boeing 747 in Seoul to Iran's Mahan Air (Ref E) was not in HMT's portfolio, as it did not represent a breach of UK sanctions law, nor a breach of UK export controls. When pressed on whether HMG could do anything regarding the UK parent company, to whom the profits from such a sale revert, Guthrie speculated that the Department for Business Enterprise and Regulatory Reform could send a letter to the Bally Group, but that HMT was unable to help - despite recognizing the overall policy implications involved.

17. (S/NF) Armed with additional information of UK legal commitments under UN, EU or domestic law, along with declassified information on the mala fides of Mahan Air and its partners, post could revisit the issue with the FCO. ACTION REQUEST: Please provide a declassified UK releasable version of information on Mahan Air and the IRGC which we can turn over to the UK, as well as information on specific legal commitments or statements the UK has made re: export controls on planes, etc. End Action Request

ADDITIONAL INFORMATION ON IRANIAN-RELATED ENTITIES IN FINCEN ADVISORY

18. (S/NF) We delivered Ref F to HMT and the Financial Services Authority to remind the UK that we are intensely interested in the two UK-based Iranian banks and to show their links to sanctioned entities. HMT offered no immediate comment, but thanked us for providing the information.

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